

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 PA-02 PRS-01 /071 W

----- 116967

R 031514Z AUG 76

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC 8674

UNCLAS THE HAGUE 4192

E.O. 11652: N/A

TAGS: EAIR, NL

SUBJ: KLM REPORTS FIRST-QUARTER PROFIT

1. KLM LAST WEEK ANNOUNCED A NET PROFIT OF 20.8 MILLION GULDERS (1 DOLLAR EQUALS 2.71 GULDERS) FROM APRIL TO JUNE, THE FIRST QUARTER OF THE COMPANY'S FINANCIAL YEAR. THE PROFIT COMPARES WITH A NET LOSS OF 21.7 MILLION GULDERS INCURRED IN THE SAME PERIOD LAST YEAR AND REPRESENTS THE FIRST PROFIT IN A FIRST QUARTER SINCE 1971. REVENUES WENT UP BY 18 PERCENT TO 625.4 MILLION GULDERS, WHILE OPERATING COSTS ROSE BY ONLY 11 PERCENT, TO 602.0 MILLION GULDERS. THIS RESULTED IN AN OPERATING PROFIT IN THE FIRST QUARTER OF 23.4 MILLION GULDERS COMPARED WITH A LOSS OF 11.2 MILLION GULDERS LAST YEAR. IN THE ENTIRE FINANCIAL YEAR 1975-76, KLM SUFFERED A LOSS OF 18.6 MILLION GULDERS.

2. THE ANNOUNCED IMPROVEMENT OF FIRST QUARTER RESULTS IS MAINLY DUE TO AN INCREASE IN TRAFFIC DURING THE FIRST QUARTER OF 11 PERCENT AND A RISE IN PRODUCTIVITY OF THREE PERCENT. THE LOAD FACTOR ADVANCED FROM FIRST QUARTER OF LAST YEAR'S 50.6 PERCENT TO THE PRESENT 54R PERCENT. KLM EXPECTS TRAFFIC THIS FINANCIAL YEAR TO GROW BY 11 PERCENT. A MORE INTENSIVE USE OF THE COMPANY'S WIDE-BODIED FLEET (BOEING 747 AND DC-10) WILL RESULT IN A FOUR PERCENT RISE IN PRODUCTIVITY IN THE 1976-77 WHILE THE LOAD FACTOR SHOULD RISE TO 56 PERCENT.

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3. FOR THE COMING THREE YEARS, KLM DOES NOT PLAN TO EXPAND ITS PRESENT FLEET OF WIDE BODIED AIRPLANES. REPLACEMENT OF KLM'S FLEET OF DC-9S WILL TAKE PLACE IN THE EARLY 1980S, BUT A CHOICE FOR THE REPLACEMENT HAS NOT YET BEEN MADE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CIVIL AVIATION, QUARTERLY REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 03 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976THEHA04192
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760299-0569
From: THE HAGUE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760890/aaaadbfs.tel
Line Count: 66
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: SmithRJ
Review Comment: n/a
Review Content Flags:
Review Date: 02 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02 APR 2004 by ReddocGW>; APPROVED <14 DEC 2004 by SmithRJ>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: KLM REPORTS FIRST-QUARTER PROFIT
TAGS: EAIR, NL, KLM
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006